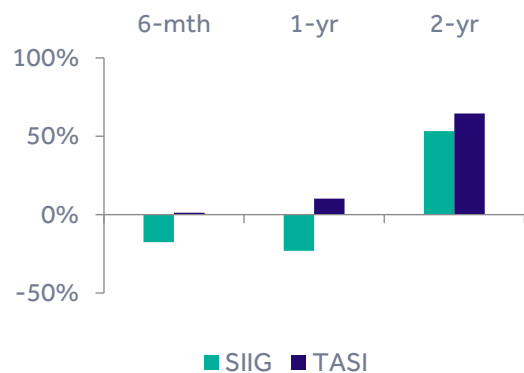


Market Data	
52-week high/low	SAR 42.95/24.00
Market Cap	SAR 21,172 mln
Shares Outstanding	7,548 mln
Free-float	81.40%
12-month ADTV	1,654,620
Bloomberg Code	SIIG AB



Net Profit Impacted from Acquisition Q/Q

August 04, 2022

Upside to Target Price	7.0%	Rating	Neutral
Expected Dividend Yield	5.4%	Last Price	SAR 28.05
Expected Total Return	12.4%	12-mth target	SAR 30.00

SIIG	2Q2022	2Q2021	Y/Y	1Q2022	Q/Q
Sales	-	-	-	-	-
Gross Profit	-	-	-	-	-
Operating Profit	299	742	(60%)	372	(20%)
Net Profit	284	505	(44%)	235	21%

(All figures are in SAR mln)

- SIIG posted a sharp decline in operating profit (-60% Y/Y and -20% Q/Q) to SAR 299 mln, although SIIG's share of profit in Petrochem increased after acquiring 100% ownership (previously 50%), the decrease was mainly on the back of lower share in profit of jointly-managed projects due to decrease in average product prices and higher feedstock.
- For 2Q2022, feedstock Propane and Butane rose by +6% Q/Q and +8% Q/Q, respectively while average product prices for Polyethylene and Polypropylene fell -3% Q/Q and -1% Q/Q respectively, negatively impacting SIIG profits.
- Net profit came in at SAR 284 mln, down -44% Y/Y but up +21% Q/Q. On a quarterly basis, net profit jumped from SAR 235 mln in 1Q2022, mainly due to Petrochem. Management has reported an increase in the Zakat expenses as Petrochem had reversed Zakat provisions in 1H2021.
- After SIIG completed the acquisition with Petrochem, we note that the deconsolidation of Petrochem along with the accounting treatment of the JVs reduces visibility and the ability to analyze SIIG's operations. Hence, we have valued the Company on a mix of P/E and DCF basis. We arrive at a target price of SAR 30.00 and a Neutral rating.

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■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors
For any feedback on our reports, please contact research@riyadcapital.com

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